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## Employee Participation in Employer-Sponsored Health Coverage, Rhode Island, 1999

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Employer-sponsored group health insurance is the means by which most working-age Americans and their dependents obtain health care coverage. In Rhode Island, a recent survey of employers with three or more employees showed that 79% of these employers offered group health coverage to some or all of their employees.<sup>1</sup> Because larger firms were more likely to offer coverage, 94% of all employees worked in firms where coverage was offered.<sup>2</sup>

However, even where employers offer coverage, there are many reasons why employees and their dependents may not be enrolled in their employers' health plans. The most common ones are —

- Some employees are not eligible to participate in their employers' plans, usually because they work less than full-time or were hired recently.
- Some employees who are eligible choose not to enroll in their employers' plans, usually because they have coverage through an alternate source or do not want to pay the employee share of the premium.
- Some employees with families are enrolled in individual (employee-only) plans, either because their employers do not offer family coverage, their dependents have coverage through an alternate source, or they do not want to pay the additional employee premium share for family coverage.

This analysis presents data on employee participation in employers' health benefit offerings from a recent survey of Rhode Island employers.

**Methods.** Between September 1999 and January 2000, 1,486 Rhode Island employers provided information regarding the health benefits they offer their employees and their employees' participation in these offerings. The survey was a self-administered mail-out/mail-back questionnaire and requested information on benefits as of June 30, 1999. The sample included firms with three or more employees at Rhode Island locations and was structured to allow comparisons between public-sector and private-sector employers and among employers grouped by number of employees (3-9, 10-24, 25-49, 50-99, and 100 or more, with between 272 and 302 respondents per group). Firms received

up to three mailings to solicit their participation in the survey; the final mailing was accompanied by a telephone contact attempt. 51% of sampled firms responded.

**Results.** In all firms responding to the survey, including both those who offered coverage and those who did not, only 55% of employees were enrolled in employer-sponsored health plans. (Figure 1) The largest group of unenrolled workers was the group of employees who worked in firms that offered coverage but who were not eligible to enroll (22%). Nearly as large was the group of workers who were eligible but chose not to enroll (18%). Only 6% of employees worked in firms where coverage was not offered to any workers.

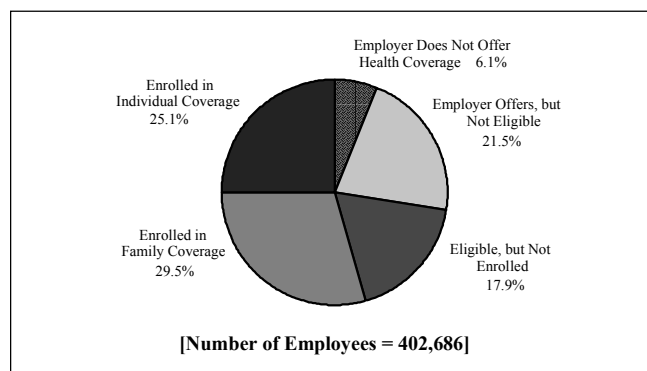


Figure 1. Health Insurance Status of Employees, Rhode Island, 1999.

**Table 1.**  
Health Insurance Status of Employees,  
by Full-Time / Part-Time Employment, Rhode Island, 1999

Health Insurance Status of Employees	Full-Time Employees	Part-Time Employees	All Employees
Employer does not offer coverage	3.6%	12.9%	6.1%
Employer offers coverage, but employee is not eligible	8.1%	58.8%	21.5%
Employee is eligible but not enrolled	17.8%	18.2%	17.9%
Employee is enrolled in individual coverage	32.3%	5.1%	25.1%
Employee is enrolled in family coverage	38.3%	5.0%	29.5%
<b>Number of employees</b>	<b>296,042</b>	<b>106,644</b>	<b>402,686</b>

The situation among part-time workers was substantially different from that among other workers. Only 10% of all part-time workers were enrolled in employer-sponsored health plans, and nearly three in five (59%) were not eligible for the

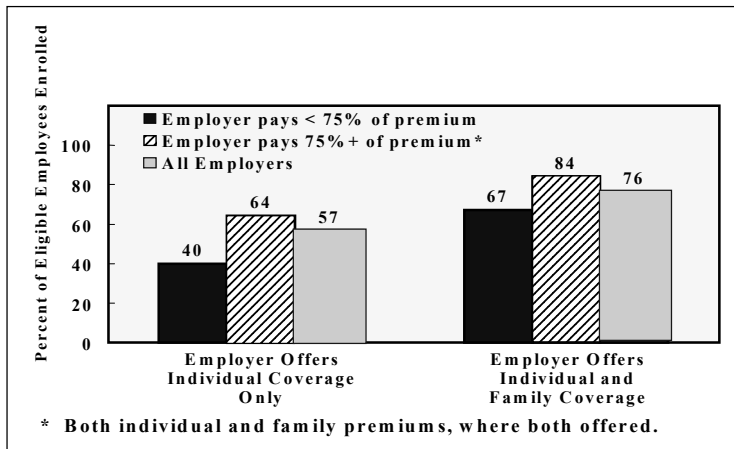


Figure 2. Enrollment in Employer-Sponsored Health Coverage, by Employer's Contribution to Premium, Rhode Island, 1999.

benefits their employers provided to other workers. (Table 1) More part-time workers (13%, vs 4% of full-time) were employed in firms that did not offer coverage, and even among the minority of part-time workers who were eligible to participate, nearly two-thirds (64%) chose not to enroll.

Employees in firms that pay most or all of the premium for coverage were more likely to enroll in employer-sponsored health plans. Among Rhode Island employers in 1999, the large majority (79%) of employers offering coverage paid at least three-quarters of the cost of individual (employee-only) coverage, and 61% paid at least three-quarters of the cost of family coverage. Among employees in firms where the employer share of both the individual and family premium is three-quarters or more, 84% enroll in their employers' plans, compared to 67% in firms where the employer share is lower. (Figure 2) Among employees whose employers offer only individual coverage, 64% were enrolled when their employers paid at least three-quarters of the premium, compared to only 40% where the employer share was less.

Discussion. Rhode Island workers are very likely to be employed in firms where employers offer health benefits to their employees. However, a substantial number of employees do not participate in the offered health plans because the circumstances of their employment render them ineligible or because they choose not to enroll. Lack of eligibility is the largest barrier to enrollment, especially for part-time workers. Only slightly less numerous is the proportion of workers who elect not to enroll. The enrollment decision is often tied to the share of the premium the employee must pay.

Thus, employers make several decisions that affect their employees' likelihood of participating in their health plans. The decision not to offer group health coverage has received most attention from policy-makers to date, but it appears to affect far fewer employees statewide than decisions on eligibility requirements and on the employer's share of the health premium. Policy makers will need to address all of these barriers in attempting to decrease the number of uninsured working-age Rhode Islanders and their dependents.

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